



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 9, 2000

H.R. 4055

IDEA Full Funding Act of 2000

As passed by the House of Representatives on May 3, 2000

SUMMARY

H.R. 4055 would authorize specific appropriations to fund grants to states under Part B of the Individuals with Disabilities Education Act (IDEA). Currently, the program is authorized at such sums as may be necessary to provide each state with 40 percent of the average per-pupil expenditure (APPE) for each disabled student it educates. However, the program has never been funded at a level sufficient to meet the requirements of such full funding. The bill would set specific authorization levels for the 2001-2010 period, starting at \$7 billion in 2001 and increasing by \$2 billion annually. While appropriations at these levels would represent a significant increase relative to historic funding levels, they would still fall short of the estimates of full funding—as authorized under current law.

Relative to CBO's baseline with inflation adjustments (which is derived from the 2000 appropriation level), the bill would increase authorizations by \$5.7 billion in 2001, and \$19.2 billion in 2010. Total authorizations over the 2001-2010 period would increase by \$106 billion. CBO estimates outlays over this period would increase by \$80 billion. Compared with the CBO baseline without adjustments for inflation, authorizations would increase by \$110 billion over the 10-year period and outlays by \$84 billion.

H.R. 4055 would not affect direct spending or receipts; therefore, pay-as-you-go procedures would not apply. H.R. 4055 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on the budgets of state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 4055 is shown in Table 1. The estimate assumes that the amounts authorized are appropriated by the beginning of the fiscal year. The costs

of the legislation fall within budget function 500 (education, training, employment, and social services).

TABLE 1. ESTIMATED BUDGETARY EFFECTS OF H.R. 4055 COMPARED WITH CBO'S MARCH 2000 BASELINE ESTIMATES, WITH AND WITHOUT ADJUSTMENTS FOR INFLATION

	By Fiscal Year, in Billions of Dollars											
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	
SPENDING SUBJECT TO APPROPRIATION												
With Adjustments for Inflation												
Baseline Spending Under Current Law												
Budget Authority/Estimated												
Authorization Level ^a	1.2	5.0	5.1	5.2	5.3	5.4	5.4	5.5	5.6	5.7	5.8	
Estimated Outlays	3.9	4.4	4.9	5.1	5.2	5.3	5.4	5.5	5.6	5.7	5.8	
Proposed Changes												
Estimated Authorization Level	0	2.0	3.9	5.8	7.7	9.6	11.6	13.5	15.4	17.3	19.2	
Estimated Outlays	0	*	1.3	3.2	5.1	7.0	8.9	10.8	12.7	14.6	16.5	
Total Spending Under H.R. 4055												
Estimated Authorization Level	1.2	7.0	9.0	11.0	13.0	15.0	17.0	19.0	21.0	23.0	25.0	
Estimated Outlays	3.9	4.5	6.2	8.3	10.3	12.3	14.3	16.3	18.3	20.3	22.3	
Without Adjustments for Inflation												
Baseline Spending Under Current Law												
Budget Authority/Estimated												
Authorization Level ^a	1.2	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	
Estimated Outlays	3.9	4.4	4.8	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	
Proposed Changes												
Estimated Authorization Level	0	2.0	4.0	6.0	8.0	10.0	12.0	14.0	16.0	18.0	20.0	
Estimated Outlays	0	*	1.4	3.3	5.3	7.3	9.3	11.3	13.3	15.3	17.3	
Total Spending Under H.R. 4055												
Estimated Authorization Level ^a	1.2	7.0	9.0	11.0	13.0	15.0	17.0	19.0	21.0	23.0	25.0	
Estimated Outlays	3.9	4.5	6.2	8.3	10.3	12.3	14.3	16.3	18.3	20.3	22.3	

NOTE: Components may not sum to totals because of rounding.

* = less than \$50 million.

a. The 2000 level is the amount appropriated for that year. The 2001 level includes an advance appropriation for that year.

BASIS OF ESTIMATE

Under Part B of IDEA, states are required to provide free and appropriate education to disabled residents of their states between the ages of 6 and 21. (Section 619 extends this requirement to children between the ages of 3 and 5, but H.R. 4055 does not address funding for pre-school grants.) To compensate state and local education agencies (SEAs and LEAs) for the additional costs of educating students with disabilities, the Secretary of Education is authorized to award grants to each state based on the number of disabled students it serves. The maximum award amount is set at 40 percent of the national APPE per disabled student. Currently, authorizations are specified as the amount necessary to fund all eligible states at this maximum level.

CBO estimates that it would cost approximately \$17.5 billion in 2001 to provide the maximum awards to each eligible state. The costs would increase to an estimated \$26.6 billion in 2010. In contrast, funding for the 2000-2001 academic year for Part B grants, excluding funds under section 619, is \$4.99 billion, the highest level in the program's history.

The bill would amend the current open-ended formula-based authorization for the 2001-2010 period. It would specify \$7 billion for 2001 and increase this amount by \$2 billion each year, reaching a maximum authorization of \$25 billion for 2010. While these authorized amounts would represent significant increases over the current spending pattern, they also would significantly cut the currently authorized levels (see Table 2).

H.R. 4055, Relative to CBO's March 2000 Baseline

CBO's baseline estimates for the IDEA program, both with and without adjustments for inflation, assume funding in future years will remain consistent with the 2000 funding level. For the 2000-2001 academic year, the specific grants addressed by this bill were funded through an appropriation of \$1.2 billion in 2000 and through an advance appropriation of \$3.7 billion in 2001. CBO's baseline assumes this advanced funding pattern will continue: H.R. 4055 does not address the issue of advanced funding. For 2001, CBO's estimate includes the \$3.7 billion appropriated for the 2000-2001 academic year, and an estimated \$1.3 billion for the 2001-2002 academic year. To achieve the \$7 billion level for the 2001-2002 academic year specified in H.R. 4055, funding for the year would need to increase by \$5.7 billion. For 2002, CBO's baseline with inflation includes budget authority of \$5.1 billion, \$3.9 billion less than the \$9 billion that H.R. 4055 would specify. Enactment of the bill would increase authorizations by \$19.2 billion in 2010, relative to CBO's baseline with inflation. Compared with the baseline without adjustments for inflation, the 2002 increase would be \$4 billion and the 2010 boost would be \$20 billion.

Compared with CBO's inflated baseline, total authorizations under H.R. 4055 for the 2001-2010 period would be about \$106 billion higher. As states are presumably already spending substantial amounts of their own funds to provide services for special-needs children, CBO does not assume that increased federal funding would cause the program's spending rate to slow down. CBO estimates increased outlays over the 10-year period of \$80 billion, relative to the current baseline with adjustment for inflation. The increase in estimated outlays would be \$84 billion over the period when compared with the baseline without inflation adjustments.

H.R. 4055, Relative to Estimated Authorization Levels

As described above, the current authorization level is equal to the full funding of the 40 percent APPE per disabled student. Table 2 details CBO's estimate of what these levels would be for each year for the 2001-2010 period. For 2001, the current law estimate includes the \$3.7 billion that was provided in advance for the 2000-2001 academic year. For 2001, H.R. 4055's authorization of \$7 billion would be \$10.5 billion less than CBO's estimate of what full funding would be under current law. The funding shortfall would decrease each year, but CBO estimates that the bill's 2010 level of \$25 billion would still be \$1.6 billion less than is currently authorized.

TABLE 2. AUTHORIZATION LEVELS UNDER H.R. 4055 COMPARED WITH ESTIMATED CURRENT LAW LEVELS

	By Fiscal Year, in Billions of Dollars									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total Authorizations Under H.R. 4055	10.7	9.0	11.0	13.0	15.0	17.0	19.0	21.0	23.0	25.0
Total Authorizations Under Current Law ^a	<u>21.2</u>	<u>18.3</u>	<u>19.2</u>	<u>20.1</u>	<u>21.1</u>	<u>22.1</u>	<u>23.1</u>	<u>24.2</u>	<u>25.4</u>	<u>26.6</u>
Difference	-10.5	-9.3	-8.2	-7.1	-6.1	-5.1	-4.1	-3.2	-2.4	-1.6

NOTE: Components may not sum to totals because of rounding.

a. The 2001 level includes an advance appropriation for that year.

PAY-AS-YOU-GO CONSIDERATIONS: None.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 4055 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on the budgets of state, local, or tribal governments.

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